Minutes of actions taken by the Board of Governors of the
Federal Reserve System on Wednesday, November 3, 1948.

PRESENT: Mr. Szymczak, Chairman pro tem.
Mr. Draper
Mr. Clayton

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Board

Telegram to Mr. McConnell, Vice President of the Federal Re-
serve Bank of Minneapolis, reading as follows:

"Retel November 1, 1948. Board approves designa-
tion of Ralph J. Dreitzler as Special Assistant Ex-
aminer for the Federal Reserve Bank of Minneapolis,
effective November 1, 1948."

Approved unanimously.

Telegram to Mr. Gilbert, President of the Federal Reserve
Bank of Dallas, stating that, subject to conditions of membership
numbered 1 and 2 contained in the Board's Regulation H and the fol-
lowing special condition, the Board approves the application of
"The First State Bank", Abilene, Texas, for membership in the
Federal Reserve System, and for the appropriate amount of stock
in the Federal Reserve Bank of Dallas:

"3. On or before March 31, 1949, such bank shall
increase the amount of its capital stock to $180,000
through the sale of $30,000 par value of additional
shares of common stock for $50,000, the premium of
$20,000 to be added to surplus. Such increase shall
be authorized at the annual meeting of shareholders
of such bank to be held in January 1949."

Approved unanimously.
Letter to Mr. Wiltse, Vice President of the Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of October 25, 1948, submitting the request of the Bank of New York and Fifth Avenue Bank, New York, New York, for approval of an increased investment in bank premises to an aggregate amount not to exceed $8,500,000.

"It is understood that, through inadvertence, expenditures have already been made without prior approval, totalling about $383,300 in excess of the bank's capital stock of $8,000,000 and that additional remodeling is under way or contemplated.

"In view of your recommendation, the Board of Governors approves the increased investment in bank premises to an aggregate amount not to exceed $8,500,000."

Approved unanimously.

Letter to Mr. McCreedy, Vice President of the Federal Reserve Bank of Philadelphia, reading as follows:

"This refers to your letter of October 26 regarding the penalty of $65.30 incurred by the Interboro Bank and Trust Company, Prospect Park, Pennsylvania, on a deficiency in its reserves for the period ending September 15.

"It is noted that the deficiency resulted from the member bank's inadvertent failure to complete a transfer of funds from a correspondent bank, that the bank had not been penalized since 1933, and that during the current year the daily average of its excess reserves has varied from $28,000 to $104,000.

"In the circumstances, the Board authorizes your Bank not to make the assessment."

Approved unanimously.

Letter to the Honorable Maple T. Harl, Chairman, Federal Deposit Insurance Corporation, reading as follows:

"In accordance with the request contained in your letter of October 25, 1948, the Board of Governors of the Federal Reserve System hereby grants written consent, pursuant to the provisions of sub-section (k)(2)
of Section 12B of the Federal Reserve Act, for examiners for the Federal Deposit Insurance Corporation to make an examination of the Tipton State Bank, Tipton, Iowa, in connection with its application for continuance of insurance after withdrawal from membership in the Federal Reserve System.

"There have been no corrective programs urged upon the bank or agreed to, which have not been fully consummated and in connection with which the Board would suggest incorporation of conditions for continuing its status as an insured bank."

Approved unanimously.

Letter to Mr. McConnell, Vice President of the Federal Reserve Bank of Minneapolis, reading as follows:

"This refers to your letter of October 5, 1948, to Mr. Millard, requesting advice as to whether any objection would be interposed to your continuing the practice of sending to First Bank Stock Corporation and Northwest Bancorporation extra copies of reports of examination of their respective subsidiary State member banks. We note that the extra copies of the reports are furnished to the holding companies in accordance with resolutions adopted by the boards of directors of the individual banks; also that it is the practice of both the District Chief National Bank Examiner in Minneapolis and the Supervising Examiner for the Federal Deposit Insurance Corporation in St. Paul to send copies of reports of examination made by their examiners to the two holding companies.

The Board authorizes your Bank to furnish to First Bank Stock Corporation and Northwest Bancorporation, as well as the individual banks, copies of reports of examination of their respective subsidiary State member banks in accordance with appropriate resolutions of the boards of directors of the individual banks, provided such reports are transmitted and receipts therefor obtained in such manner as will preserve substantially the same restrictions and conditions as to use, recall, and disclosure or publication as those which govern the copies of reports furnished to State member banks pursuant to Form F. R. 410-45—Receipt."
"Although the sample directors' resolution enclosed with your letter instructs the officers of the subsidiary member bank to forward copies of the reports of examination to the holding company affiliate, we understand from your letter that it is your practice to send copies of the reports direct to the holding company. It would be preferable for the board of directors of the subsidiary member bank by resolution to request the Federal Reserve Bank to furnish copies of the reports direct to the holding company."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks reading as follows:

"There have been forwarded to you today under separate cover copies of form F. R. 107 to be used by State member banks in submitting their reports of earnings and dividends for the calendar year 1948. The form is the same as the one used for the first half of 1948 with the following changes, which are not of a material character:

1. Insertion of Section D on the back of the form.
2. Transfer of the common stock dividend items (date declared, date payable, and amount), previously reported under Supplementary Information on the back of the form, to the face of the form as indented items under 9(b), Cash dividends declared on common stock.
3. Addition of explanatory designations following the captions of items 4(d) and 5(d).
4. Changing the captions of items 28 and 34 of Section D so as to give the actual dates of the beginning and end of the report period.

In view of some common reporting errors discovered during the review of the reports for the first six months of 1948, it is suggested that you call attention to the portions of the instructions for items 30 and 33 of Section D that require all transfers to and from valuation reserve accounts to be included in items 5 and 4, respectively. Thus, all transfers to reserve accounts reported in item 30 of Section D must be included in the appropriate sub-item of item 5, and all transfers
From reserve accounts reported in item 33 of Section D must be included in the appropriate sub-item of item 4.

"Transfers to reserves for bad debt losses on loans (set up pursuant to Section 23(k)1 of Internal Revenue Code) should be reported in the first column of Section D and included in item 5(b), 'Losses, charge-offs, and transfers to reserve accounts — on loans', on the face of the report. Several banks included these amounts in item 5(c), 'Losses, charge-offs, and transfers to reserve accounts — all other'. It is suggested that this also be brought to the attention of the banks."

Approved unanimously, with the understanding that the letter would be sent when the forms referred to therein are printed and ready for distribution.

Telegram to Mr. Earhart, President of the Federal Reserve Bank of San Francisco, reading as follows:

"Board of Governors has considered your letters of October 20, 1948, and your November 2 wire and will interpose no objection to acceptance for proposed Seattle Branch building of bid of $249,766 for structural steel submitted by Bethlehem Pacific Coast Steel Corporation and bid of $78,000 for cellular steel floors submitted by H. H. Robertson Company. It is understood that contract for structural steel could be canceled with reimbursement for expense of preparing shop drawings and contract for cellular steel floors could be canceled prior to February 15, 1949, without expense."

Approved unanimously.

Letter to Mr. Agnew, Vice President and General Counsel of the Federal Reserve Bank of San Francisco, reading as follows:

"Receipt is acknowledged of your letter of October 27, 1948, regarding the request of Mrs. James and Mrs. Rodd for photostatic copies of certain pages of the study entitled 'Branch Banking in California' prepared under the direction of a committee consisting of Mr. E. A. Goldenweiser and others."
"The Board's policy with respect to making these studies available, and the reasons for the Board's policy, are stated in the letter of April 13, 1939 from the Board to Mr. Harrison to which you refer in your letter, and the Board sees no reason to make any change in its policy.

If 'responsible persons' are permitted to use the studies in the libraries of the Federal Reserve Banks it is possible to call their attention to the status of the reports as described in the letter to Mr. Harrison. However, as you suggest, if photostatic copies are furnished, there is a distinct risk that the status of the studies will not be made clear when the photostatic copies are used at some later date."

Approved unanimously.

Letter prepared in accordance with the action taken at the meeting on October 19, 1948, to Mr. Howard F. Gildea, Director, Moody's Investors Service, 65 Broadway, New York 6, New York, as follows:

"Mr. Bethea has brought to the attention of the Board your letter of October 21 summarizing the arrangement recently agreed upon informally by the various rating agencies and the Board with respect to the publication of the eighteen months' average prices.

The Board accepts participation in the arrangement on the terms outlined in your letter and suggests that you bill the Board quarterly for its proportionate share of the cost on voucher forms, a supply of which is sent you herewith.

In accordance with your suggestion, the Board is agreeable to having the arrangement made effective as of October 1, 1948 and also to the understanding that you should receive sixty days' prior notice if at some future time the arrangement is to be discontinued. In this connection, it is assumed that the same notice would be given to the Board by you on behalf of any of the four participating publishers should any of them be disposed to discontinue the arrangement in the future."
11/3/48

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Approved unanimously.

[Signature]
Secretary.

Approved:

[Signature]
Chairman pro tem.